REMARKS/ARGUMENTS

Claims 1, 3, 5-37, 39-41, 43-52, 54-56, 58-63, 65 and 67-92 are currently pending in the application.

This amendment is being submitted with a Request for Continued Examination and a petition for a three-month extension of time to extend the due date from October 16, 2010 to January 16, 2011. Applicants respectfully submit that this response is timely filed on Tuesday, January 18, 2011 since the extended due date fell on Sunday, January 16, 2011 and Monday, January 17, 2011 was a federal holiday. A credit card authorization for the required fees is being submitted herewith. The Commissioner is hereby authorized to charge any additional fees, or credit any refunds, to Chalker Flores, LLP's Deposit Account No. 50-4863.

Claims 1, 3, 5-37, 39-41, 43-52, 54-56, 58-63, 65 and 67-92 were rejected in the Office Action mailed July 16, 2010 (hereinafter referred to as "Office Action"). In view of the following remarks and amendments, applicants respectfully request a timely Notice of Allowance be issued in this case.

Claim Rejections under 35 U.S.C. § 112

Claims 1, 3, 5, 9, 11, 14-37, 39-41, 43-52, 54-55, 58-63, 65, 67, 71, 73, 76-83 and 84-92 were rejected under 35 U.S.C. § 112, first paragraph, as failing to comply with the written description requirement. More specifically, the Office Action indicated that the limitations "requiring receiving by a magnetic stripe reader in close proximity to the magnetic field generator without swiping the magnetic stripe through the magnetic stripe reader or inserting the magnetic stripe into the magnetic stripe reader or using an adapter to interface with the magnetic stripe reader a[re] generated via the one or more induction coils and the magnetic stripe time-varying magnetic signal, is not found in the originally filed specification" is not found the in the originally filed specification. Applicants apologize for the confusion and have amended the claims to clarify the claimed invention.

Claims 1 and 60 have been amended to recite, in part, that the apparatus:

> generates a time-varying magnetic signal by pulsing the one or more induction coils underneath the magnetic stripe when activated by a processor, wherein the time-varying magnetic signal is transmitted to a magnetic stripe reader and emulates a data stream generated by swiping a static magnetic stripe card through the magnetic stripe reader but is not created by swiping the magnetic stripe of the apparatus through the magnetic stripe reader or using an adapter to interface with the magnetic stripe reader.

(additions are underlined and deletions are not shown). Similar amendments have been made to claims 31 and 46. Applicants respectfully submit that these amendments are fully supported in the application at least in Paragraph [0051] of the published application (US 2006/0161789) and Figure 5B. More specifically, Paragraph [0051] states:

> Now referring to FIG. 5B, a block diagram of a programmable magnetic stripe 550 (308 FIG. 3) using a single induction coil 552 for sending emulated time-varying magnetic stripe data to a magnetic card reader directly from the on-card controller in accordance with another embodiment of the present invention is shown. The programmable magnetic stripe 550 (308 FIG. 3) includes a magnetic stripe 502, a single inductive coil 552 and a control circuit 554. The magnetic stripe 502 contains one or more sets of magnetic data cells 504-516. For example, magnetic stripe 502 will typically contain three tracks or sets of magnetic data cells 504-516. The long inductive coil 552 is mounted immediately beneath the entire length of the magnetic stripe 502 and its corresponding binary magnetic data cells 504-516 such that a time-varying signal can be transmitted to the heads of the magnetic card reader as the card is swiped through the reader. The data rate is determined based on the minimum and maximum swipe speeds that standard readers can accommodate. In other words, the single inductive coil 552 is long enough for it to be in the physical proximity of the card reader heads for the entire time period required to transmit the time-varying signal from the card to the card reader. The inductive coil 552 is electrically connected to the control circuit 554, which may be integrated into the device processor 314 (FIG. 3). By establishing the configuration in this manner, the inductive coil 552 can be pulsed with varying currents and current directions so that the time-varying data stream of a card being swiped through the reader is emulated, thus providing the same magnetic data stream to the reader heads of the magnetic stripe reader as would be seen if a card with binary data in multiple spatially distributed data cells 504-516 in the magnetic stripe 502 were swiped through the reader. This magnetic signal will, therefore, emulate the data that would be generated by the swipe of a magnetic stripe card with the desired information embedded in the individual data cells 504-516 of the stripe 502.

(emphasis added). Applicants respectfully submit that this paragraph clearly discloses that the time-varying magnetic stripe data is generated and transmitted by the apparatus, and is not “created by swiping the magnetic stripe of the apparatus through the magnetic stripe reader or using an adapter to interface with the magnetic stripe reader” as recited in claims 1, 31, 46 and 60. Users will likely swipe the apparatus because that is what they are trained to do, but the swiping action does not create the time-varying magnetic signal as required by prior art magnetic stripe cards. All that is required is for “the single inductive coil 552 . . . to be in the physical proximity of the card reader head for the entire time period required to transmit the time-varying signal for the card to the card reader." (Paragraph [0051]).

As a result, applicants respectfully submit that the specification supports the amendments and claims 1, 31, 46 and 60, along with dependent claims 3, 5-30, 32-37, 39-41, 43-45, 47-52, 54-56, 58-59, 61-63, 65 and 67-92, are allowable under 35 U.S.C. § 112, first paragraph. Accordingly, applicants respectfully request that the rejection of claims 1, 3, 5-37, 39-41, 43-52, 54-56, 58-63, 65 and 67-92 be withdrawn.

Previous Claim Rejections under 35 U.S.C. § 103(a)

Claims 1, 3, 5, 9, 11, 14-37, 39-41, 43-52, 54-55, 58-63, 65, 67, 71, 73, 76-83 and 84-92 were previously rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 5,907,142 to Kelsey in view of U.S. Patent No. 6,547,130 to Shen and further in view of the "Smart Cards" article by Kisner or, in alternative, in view of U.S. Patent No. 6,705,520 to Pitroda. Applicants respectfully submit that claims 1, 3, 5-37, 39-41, 43-52, 54-56, 58-63, 65 and 67-92, as amended, are patentable over the cited references for at least the reasons described below.

Claims 1, 31, 46 and 60

In order to establish a prima facie case of obviousness, the prior art or combined references must teach or suggest all the claim limitations. MPEP § 2143; *In re Vacek*, 947 F.2d 488 (Fed. Cir. 1991). With respect to claims 1, 31, 46 and 60, as amended, applicants respectfully submit that Kelsey, Shen, Wong and Kisner, either alone or in combination, do not disclose, teach or suggest generating "a time-varying magnetic signal by pulsing the one or more induction coils underneath the magnetic stripe when activated by a processor, wherein the time-varying magnetic signal is transmitted to a magnetic stripe reader and emulates a data stream generated by swiping a static magnetic stripe card through the magnetic stripe reader but is not created by swiping the magnetic stripe of the apparatus through the magnetic stripe reader or using an adapter to interface with the magnetic stripe reader" as recited in claims 1 and 60, as amended. Claims 31 and 46 recite similar limitations.

First, applicants respectfully submit that Kelsey and Shen do not generate a time-varying signal by pulsing one or more induction coils underneath the magnetic stripe as recited in claims 1, 31, 46 and 60.

Second, applicants respectfully submit that Kelsey and Shen do not generate a time-varying magnetic signal that is transmitted to the magnetic stripe reader because before the Kelsey's card is swiped through the magnetic reader heads, the information stored on the magnetic stripe is fixed or static such that the magnetic signal for each track varies along the length of the magnetic stripe. As a result, the magnetic signal generated by the card is spatially varying. When the magnetic stripe is swiped through the magnetic reader heads, the signal generated by the card does not change. The magnetic reader heads read the static signal from the magnetic stripe one "bit" at a time as the magnetic stripe is swiped through the magnetic reader heads, but that does not change the signal generated by the card to a time-varying signal. The signal generated by the card is fixed. The transducer of Kelsey merely activates the card (col. 6, lines 44-47).

Instead, the spatially-varying magnetic signal on the card induces a time-varying magnetic signal in the magnetic reader heads during the swiping process. The card does not generate or transmit a time-varying signal. As a result, it is the magnetic reader heads that generate a time-varying magnetic signal during the swiping process, not the magnetic stripe of on the card. Accordingly, applicants respectfully submit that Kelsey's magnetic stripe does not generate "a time-varying magnetic signal by pulsing the one or more induction coils underneath the magnetic stripe when activated by a processor, wherein the time-varying magnetic signal is transmitted to a magnetic stripe reader and emulates a data stream generated by swiping a static magnetic stripe card through the magnetic stripe reader but is not created by swiping the magnetic stripe of the apparatus through the magnetic stripe reader or using an adapter to interface with the magnetic stripe reader" as recited in claims 1 and 60. Claims 31 and 46 recite similar limitations.

Third, applicants respectfully submit that Kinser does not cure this deficiency because using an electromagnetic signal and an antenna to generate radio frequencies does not disclose, teach or suggest generating "a time-varying magnetic signal by pulsing the one or more induction coils underneath the magnetic stripe" as recited in claims 1, 31, 46 and 60.

Fourth, applicants respectfully submit that Piroda discloses an adapter to interface between a smart card and a magnetic card reader. As a result, Piroda does not disclose, teach or suggest "wherein the time-varying magnetic signal is transmitted to a magnetic stripe reader and emulates a data stream generated by swiping a static magnetic stripe card through the magnetic stripe reader but is not created by swiping the magnetic stripe of the apparatus through the magnetic stripe reader or using an adapter to interface with the magnetic stripe reader" as recited in claims 1, 31, 46 and 60.

Applicants respectfully submit that Kisner, Pitroda and the other references, either alone or in combination, do not cure the deficiencies of Kelsey and Shen.

Moreover, applicants respectfully submit that it would not be obvious to modify the cited references to generate "a time-varying magnetic signal by pulsing the one or more induction coils underneath the magnetic stripe when activated by a processor, wherein the time-varying magnetic signal is transmitted to a magnetic stripe reader and emulates a data stream generated by swiping a static magnetic stripe card through the magnetic stripe reader but is not created by swiping the magnetic stripe of the apparatus through the magnetic stripe reader or using an adapter to interface with the magnetic stripe reader" as recited in claims 1 and 60 because such a modification "would change the principle of operation of the prior art invention being modified" (MPEP § 2143.01 (VI)). As a result, "the teachings of the references are not sufficient to render the claims prima facie obvious" (MPEP § 2143.01 (VI)). Claims 31 and 46 recite similar limitations.

For all the foregoing reasons, applicants respectfully submit that claims 1, 31, 46 and 60 are, therefore, allowable under 35 U.S.C. § 103(a). Accordingly, applicants respectfully request that the rejection of claims 1, 31, 46 and 60 be withdrawn.

Claims 3, 5-30, 32-37, 39-41, 43-45, 47-52, 54-56, 58-59, 61-63 and 65-92

Once an independent claim is found to be non-obvious under 35 U.S.C. § 103, then any claim which depends from that independent claim is also non-obvious. MPEP § 2143.03; *In re Fine*, 837 F.2d 1071 (Fed. Cir. 1988). Applicants respectfully submit that claims 3, 5-30, 32-37, 39-41, 43-45, 47-52, 54-56, 58-59, 61-63, 65 and 67-92 depend from claims 1, 31, 46 and 60, as amended, which are allowable for the reasons stated above, and further distinguish over the cited references. Claims 3, 5-30, 32-37, 39-41, 43-45, 47-52, 54-56, 58-59, 61-63, 65 and 67-92 are, therefore, allowable under 35 U.S.C. § 103(a). Accordingly, applicants respectfully request that the rejection of claims 3, 5-30, 32-37, 39-41, 43-45, 47-52, 54-56, 58-59, 61-63, 65 and 67-92 be withdrawn.

Conclusion

For the reasons set forth above, applicants respectfully request reconsideration by the examiner and withdrawal of the rejections. Applicants submit that claims 1, 3, 5-37, 39-41, 43-52, 54-56, 58-63, 65 and 67-92, as amended, are fully patentable. Applicants respectfully request that a timely Notice of Allowance be issued in this case. If the examiner has any questions or comments, or if further clarification is required, it is requested that the examiner contact the undersigned at the telephone number listed below.

Date: January 18, 2011

Respectfully submitted,
CHALKER FLORES, LLP

By ______________________
Daniel J. Chalker
Reg. No. 40,552
Tel.: (214) 866-0001
Fax: (214) 866-0010

2711 LBJ Frwy, Suite 1036
Dallas, Texas 75234